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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000532

SIPDIS

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TAGS: [PGOV](#) [PCOR](#) [ECON](#) [BU](#)
SUBJECT: GOVERNMENT FACES HOT AUTUMN AFTER DEFEATING
NO-CONFIDENCE VOTE

REF: A. (A) SOFIA 499
[1](#)B. (B) SOFIA 485

Classified By: charge alexander karagiannis for reasons 1.4 (b) and (d)

[1](#)1. (SBU) SUMMARY: PM Stanishev's government on July 30 easily defeated (150/84) the no-confidence vote called over the critical July 23 EU monitoring report and loss of EU funds. Though the motion failed to shake ruling coalition unity or trigger cabinet changes, the government remains pressed by growing criticism at home and abroad and tensions within the coalition. Opposition leaders, energized by the EU report, are discussing coordinated efforts for when parliament returns and the budget season begins in September. Despite the coalition's majority in parliament, they hope social protests, strikes, walkouts and demonstrations will put enough strain on the government and coalition unity to force early elections. The PM's challenge is to keep the coalition together while demonstrating to the public his government can effectively address the EU's concerns. END SUMMARY

THE VOTE

[1](#)2. (U) The center-right opposition brought the no-confidence motion following the July 23 release of the European Commission monitoring report, which blasted Bulgaria on the rule of law and mismanagement of EU funds (Refs A and B). The motion cited "incurred moral and material damages to the country and its citizens because of the inappropriate absorption of the EU funds." All four small center-right opposition groups and extreme nationalist party Ataka backed the motion. In the seven-hour parliamentary debate preceding the vote, center-right MPs blasted the cabinet for inflicting huge losses on the Bulgarian economy, undermining investor confidence, and shaming Bulgaria before the world. Ruling coalition MPs struck back by saying the center-right had little credibility to talk about corruption, given the track record of the 1997-2001 center-right government, and accused Ataka and Mayor Borissov,s GERB of instigating social tension.

GOVERNMENT RESPONSE

[1](#)3. (SBU) At its council meeting July 26-27, the ruling coalition mapped out measures to address Brussels' criticism. The three parties agreed to strengthen the controlling powers of the newly-appointed Deputy Prime Minister for EU affairs, Meglena Plugchieva, and further centralize management of EU funds by creating a new government agency to deal with EU money. In a move to regain public support, the coalition also approved an increase of the monthly minimum wage and a new pension raise in October.

[1](#)4. (U) In a speech to Parliament following the vote, PM

Stanishev vowed to step up reforms and boost control. He also said he expected "certain political and economic circles" to instigate social unrest in the fall, which combined with a new no-confidence vote would aim to bring down the government. The PM pointed the finger at GERB and Ataka, accusing them of inspiring street protests, and urged the center-right parties not to take part in such scenarios. Bulgaria needed stability to unlock suspended EU funding, he said, and early elections would destabilize the country and lead to further losses of EU assistance.

GATHERING CLOUDS

15. (SBU) Our contacts predict a politically hot autumn as the parliamentary opposition and GERB hammer away at the ruling coalition. Ataka has already walked out of Parliament, demanding early elections. The center-right parties, striving to energize and expand their base, are talking with trade unions about joint protests during the parliamentary budget debates this fall. GERB, though not represented in parliament, will add its political strength to protest actions. Some GERB leaders are concerned that the party's popularity is peaking and so are pushing for elections as soon as possible. It is too early to predict how well the various opposition groups will cooperate with each other, especially given the egos involved, but enthusiasm is running high across the board.

16. (SBU) The PM will also have to manage internal tensions in the coalition. Ex-king Simeon's National

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Movement for Simeon II (NMSS) is the coalition's weak link. With popularity ratings under two percent, some NMSS officials believe breaking away from the unpopular government and early elections would improve their prospects at the polls. Stanishev must also parry attacks from his leftist BSP foes ahead of the party conference in November. Ongoing public tension between the PM and President Georgi Parvanov, his former mentor, add to the growing sense of political instability.

COMMENT

17. (C) In addition to the escalation of political tension over the past few months, social unrest, stepped-up opposition demands for early elections and internal coalition tension could pose serious challenges for the government this fall. Many of our contacts expect Stanishev to play it safe and focus on maintaining stability within his party and the coalition, and refrain from any possibly destabilizing moves. A key test this autumn will be the debates in Parliament on next year's budget. If the coalition passes this test united, it will likely get through to the end of its term. But even if it survives, the government risks becoming inward looking if the PM focuses only on his internal balancing act and not on improving government performance to address the issues raised by the EU.
Karagiannis